

Capital Metro Budget Update

March 23, 2009

Overview

- Capital Metro is current on its financial obligations
 - Includes members with whom we share tax revenues
- Our cash balances are significantly lower
 - Forecasted since early 2006
 - Spend down on major transit projects
 - Lower revenues
 - Adjustments to spending have been made & will continue
- Capital spending 2003-2008 totaled \$299.2 million
 - Sales Tax for same period totaled \$783.2 million
 - Grants reimbursed \$53.2 million
 - All projects directly related to providing improved transit service

Overview (continued)

- Agreements for sharing revenues based on availability of funds and payout over time
 - BCT/BGA; ¼ Cent; Regional Mobility; Incident Management
 - Remain committed to fulfilling obligations
 - Some have set schedules through 2013
 - Based on completion of projects by members
 - 2003-2005 average payout \$7.5 million per year
 - Long Range Financial Plans projected \$14-\$18 million per year
 - Reserve designations have been audited annually
- Undesignated regional projects - \$24.0 million
 - No specific member or agency
 - No Interlocal Agreement
 - No approved projects

Overview (continued)

- Current situation is like other transit authorities around country
- Have capacity to continue to provide Austin region with high quality, customer focused transit services

Service Level and Funding

	Capital Metro	Texas Average	Peer Average
Service Hours per Capita	1.32	1.09	1.28
Ridership per Capita	35.79	29.01	35.38
Operating Funding per Capita	\$ 92.23	\$ 77.43	\$ 87.60

Peer Cities: Charlotte; Columbus, OH; Denver; Kansas City; Madison, WI; Minneapolis, Portland; Phoenix



Overview (continued)

- Current situation is like other transit authorities around country
- Have capacity to continue to provide Austin region with high quality, customer focused transit services
- Continue to work to improve accountability and transparency with regards to our finances
- Open to audit and have requested a review by the State Auditors Office

Financial Forecast - Revenue

	FY2009 BUDGET	FY2009 FORECAST	TO DATE \$ VARIANCE	% VARIANCE
Passenger Fares	\$ 10,942,475	\$ 7,818,310	\$ (3,124,165)	-29%
Third Party Fares	8,344,386	7,853,177	(491,209)	-6%
MetroRail	371,681	297,500	(74,181)	-20%
Rail Freight	15,307,501	13,950,583	(1,356,918)	-9%
Sales Tax	161,654,165	147,789,348	(13,864,817)	-9%
Investment Income	2,210,474	1,783,785	(426,689)	-19%
Grant Revenue	19,267,600	19,392,561	124,961	1%
Other	1,977,270	1,126,430	(850,840)	-43%
Total Revenue	\$ 220,075,552	\$ 200,011,695	\$ (20,063,857)	-9%

Financial Forecast - Operating Expenses

EXPENSE CATEGORIES	FY2009	FY2009	TO DATE	
	BUDGET	FORECAST	\$ VARIANCE	% VARIANCE
SALARIES	\$ 52,065,486	\$ 52,961,522	\$ 896,036	2%
BENEFITS	37,534,004	38,708,369	1,174,365	3%
SERVICES	25,173,747	19,651,278	(5,522,469)	-22%
MATERIALS & SUPPLIES	9,875,822	8,742,215	(1,133,607)	-11%
DIESEL FUEL	22,987,611	11,956,039	(11,031,572)	-48%
UTILITIES	1,925,811	2,061,018	135,207	7%
INSURANCE	1,248,500	2,068,831	820,331	66%
TAXES	1,150,821	978,161	(172,660)	-15%
PURCHASED TRANSPORTATION	26,478,910	25,952,823	(526,087)	-2%
OTHER	2,036,675	654,963	(1,381,712)	-68%
INTEREST EXP	1,246,100	1,193,927	(52,173)	-4%
LEASE & RENT	879,857	1,009,800	129,943	15%
TOTAL Operating Expenses	\$ 182,603,344	\$ 165,938,945	\$ (16,664,399)	-9%

FY2009 Financial Forecast – Operating Margin

Capital Metro

FY2009 Forecast

	FY2009 BUDGET	YEAR ACTUAL	FY2009 FORECAST	TO DATE \$ VARIANCE	% VARIANCE
Revenue	\$ 220,075,552	78,334,899	200,011,695	(20,063,857)	-9%
Operating Expenses	<u>\$ 182,603,344</u>	<u> </u>	<u> </u>	<u> </u>	<u>-9%</u>
Operating Margin	\$ 37,472,208	9,207,276	34,072,749	(3,399,459)	-9%
	69,127,623	165,938,945	(16,664,399)		

Budget Balancing Strategies Implemented

Total projected cost savings of \$14.6 million for FY2009

- Fuel savings over budget
- Reduction in capital spending
- Reduction in department spending
- Proposed summer bus service reductions
- Hiring freeze and reduction in temporary and intern staff
- Suspending Vacation and Sick leave sellback

Other Options

- Explore financial bridge
- Reduce subsidy or close the child care center
- Adjust paratransit policies to conform to industry best practices
- Further reduce use of consulting services

FY2010 Board of Directors Budget Calendar

- May 2009 present general budget assumptions
- June 2009 proposed service levels and ridership projections
- July 2009 preliminary revenue and operating expenses
- August 2009 proposed budget presentation
- September 2009 public hearing on proposed FY2010
- September 2009 board adoption of the budget

Budget and Financial Update

Next Steps:

- Revised Budget
- Budget Policies – April

Questions?